

Minutes of the  
Board of Water and Natural Resources  
Telephone Conference Call Meeting

September 9, 2003  
9:00 a.m. CDT

CALL TO ORDER: The meeting was called to order by Chairman Gregg Greenfield. A quorum was present.

BOARD MEMBERS: Gregg Greenfield, Don Bollweg, Brad Johnson, Gene Jones, Jr., Dale Kennedy, John Loucks, and Don Rounds.

OTHERS: Kathy Kardell, Public Financial Management, Inc., Minneapolis, MN; Harold Deering, Attorney General's Office, Sioux Falls; Bob Mercer, Pierre; Dave Templeton, Jim Feeney, Dave Ruhnke, Elayne Lande, and Mike Perkovich, Department of Environment and Natural Resources.

APPROVE AGENDA: Motion by Kennedy, seconded by Bollweg, to approve the agenda. A roll call vote was taken and the motion carried.

APPROVE STATE REVOLVING FUND FINANCIAL ADVISOR: Prior to the conference call, the board received copies of Exhibit A, a work plan prepared by DENR staff, Exhibit B, the hourly rate schedule, and the proposed contract between the state and Public Financial Management, Inc. (PFM).

Jim Feeney reported that at the June 26, 2003, meeting the board authorized the department to send Request for Proposals to interested firms. Don Rounds, Gene Jones, and Gregg Greenfield agreed to serve on the selection committee. The department sent the Request for Proposals to six firms. The department received three proposals by the end of July. These three proposals were distributed to the selection committee, DENR staff, Harold Deering, and Bruce Bonjour. Following review of the three proposals, the consensus was that PFM submitted the best proposal.

On August 12, 2003, the selection committee held a telephone conference call and there was unanimous agreement to proceed with negotiations with PFM. Mr. Feeney was directed to work with PFM to negotiate the specific scope of work and the contract amount. Mr. Feeney worked with Harold Deering regarding the contract provisions. The contract amount is not to exceed \$43,000.

Chairman Greenfield stated that PFM provided more information in its proposal than any of the other proposals. He noted that the board has never had an independent financial advisor.

Kathy Kardell, PFM, discussed the firm's proposal.

Ms. Kardell stated that PFM works with state revolving fund clients all over the United States. She noted that one of the things PFM has been actively involved with in recent years is the demand on the Drinking Water SRF program in several states. Ms. Kardell said the scope of work identified in the Request for Proposals is comparable to some of the work PFM has been doing in other states. PFM has looked into the possibility of more contemporary bond indentures, bringing together their Clean Water and Drinking Water programs, leveraging Drinking Water programs for the first time, and having to provide state match for the first time from bond proceeds as opposed to appropriations or other sources.

Chairman Greenfield stated that South Dakota is in the middle of reviewing a complicated lease-leaseback. He noted that this is not included in the scope of work in the contract, but he asked whether PFM would be able to assist the state with this matter if it is needed in the future.

Ms. Kardell stated that PFM is familiar with the lease-leaseback proposed by ALLCO and would be willing to assist the state with this matter.

Discussion took place regarding the lease-leaseback proposal.

Harold Deering stated that if the board is interested in hiring PFM to assist with lease-leaseback matters, a separate contract should be approved by the board.

Chairman Greenfield requested board action on the financial advisor contract.

Motion by Jones, seconded by Johnson, to adopt Resolution # 2003-68 approving the consultant contract with Public Financial Management, Inc. to serve as financial advisor to the South Dakota Conservancy District for the Clean Water and Drinking Water State Revolving Fund programs with the total contract not to exceed \$43,000. A roll call vote was taken, and the motion carried.

Chairman Greenfield asked Mr. Feeney and Mr. Deering to compile as much information as possible on the lease-leaseback and draft a proposed contract to send to Kathy Kardell. He requested that this matter placed on the September 25-26, 2003, board meeting agenda.

**OTHER BUSINESS:** Mr. Feeney noted that on October 2, 2003, the staff, Mr. Deering, and Mr. Bonjour will meet with PFM representatives in Sioux Falls.

The next Board of Water and Natural Resources meeting is September 25 and 26, 2003, in Sioux Falls and via the Digital Dakota Network.

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ADJOURN: Chairman Greenfield declared the meeting adjourned.

Approved this 14<sup>th</sup> day of November, 2003.

(SEAL)

  
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Chairman, Board of Water and Natural Resources

ATTEST:

  
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Secretary, Board of Water and Natural Resources